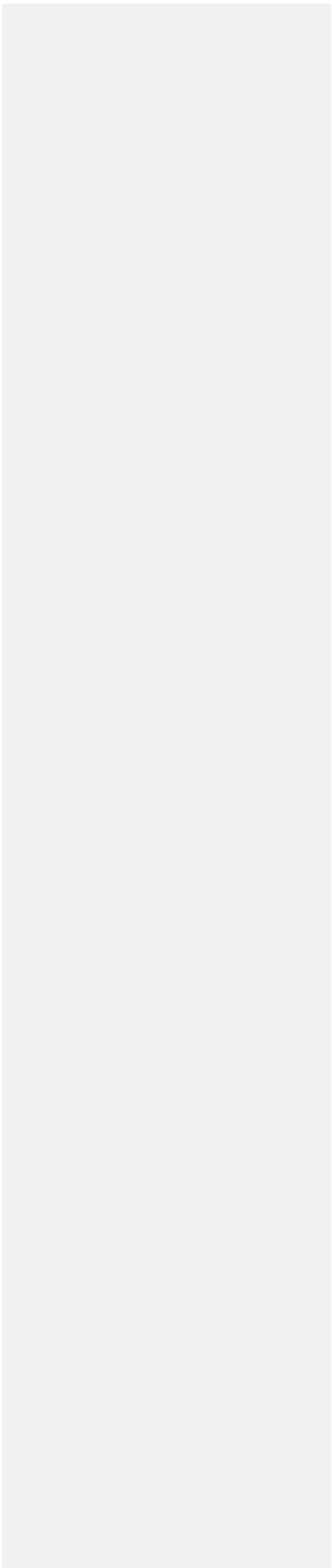


15A - Appendix One - Proposed changes to for Leaders' Committee AGM 7 June 2016

# London Councils Leaders' Committee Governing Agreement

**13 December 2001**



DATED 13 December, 2001

**[LONDON COUNCILS]<sup>1</sup>**

**(LEADERS' COMMITTEE)<sup>2</sup>:**

## **AGREEMENT**

This joint committee approved the change of name from ALG to London Councils on 12 September 2006. In this agreement, references to 'Association of London Government' and 'ALG' have been replaced with 'London Councils'.

In addition, the joint committee established in accordance with the LCTEC Agreement referred to in Recital 1.10 below changed its name from the Association of London Government Transport and Environment Committee ("ALGTEC") to London Councils Transport and Environment Committee ("LCTEC") on 17 October 2006. In this agreement, references to "ALGTEC" have been replaced with "LCTEC".

Ref: PR 6602/21/LJ

Standing Orders revised 2<sup>nd</sup> June 2015

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<sup>1</sup> This joint committee approved the change of name from ALG to London Councils on 12 September 2006

<sup>2</sup> This joint committee is also referred to as Leaders' Committee because all of the London local authorities' leaders are represented

## **CONTENTS**

### **Clauses**

1. Preliminary
2. Commencement and Duration
3. Definitions and Interpretation
4. Membership and Standing Orders
5. Meetings and Proceedings of [London Councils]
6. Lead Authority Functions
7. Obligations of [London Councils] and Sectoral joint committees
8. Obligations of London Local Authorities
9. Staff
10. Assets and Liabilities
11. Financial Arrangements
12. Costs and Expenses.
13. Termination and Breach
14. Dissolution
15. General
16. Execution

### **Schedules**

Schedule 1 Part 1: The London Local Authorities

Schedule 1 Part 2: [...] <sup>3</sup>

Schedule 2 Parts 1- 3: [London Councils] Functions

Schedule 3: [...] <sup>4</sup>

Schedule 4: Lead Authority Functions

Schedule 5: [London Councils] Grants Scheme

Schedule 6: Standing Orders

Schedule 7: Financial Regulations

Schedule 8: Costs and Expenses

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<sup>3</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.  
[Deleted: London Housing Unit Committee: Member Authorities]

<sup>4</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.  
[Deleted: Functions of London Housing Unit Committee]

THIS AGREEMENT is made this 13<sup>th</sup>. day of December, 2001

BETWEEN THE Councils listed in Part 1 of Schedule 1 hereto in pursuance of arrangements made under section 101 (5), 101 (5B), 102, 111, 112, 113, 141 and 142 Local Government Act 1972; section 1 Local Authorities (Goods and Services) Act 1970; section 20 Local Government Act 2000; the Local Authorities (Arrangements for the Discharge of Functions) Regulations 2000<sup>5</sup> and all other enabling powers

**1. PRELIMINARY**

1.1 By an Agreement dated 1 April, 2000 (the “First Agreement”), the local authorities named in Part 1 of Schedule 1, in the interests of co-ordinating more effectively the formulation of policy in relation to the functions referred to in the First Agreement and achieving greater efficiency in the use of their resources agreed to establish a joint committee under Sections 101 and 102 Local Government Act 1972 and agreed to delegate (subject to the exceptions and reservations set out in the Agreement) the functions listed in Schedule 2 to the joint committee and to name the joint committee the Association of London Government (“ALG”)<sup>6</sup>

1.2 [...] <sup>7</sup>

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<sup>5</sup> Reference to section 20 of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) Regulations 2000 should now be read as section 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012; those provisions having been substituted in England.

<sup>6</sup> This joint committee approved the change of name from ALG to London Councils on 12 September 2006

<sup>7</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders’ Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders’ Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: By the First Agreement, the local authorities named in Part 2 of Schedule 1 agreed to delegate the functions set out in Schedule 3 under section 8 Housing Act 1985; sections 101(12), 111 and 141 Local Government Act 1972; section 1 Local Authorities (Goods and Services) Act 1970 and any other express or implied enabling power, to a Sectoral joint committee named the London Housing Unit Committee which operates, in relation to the ALG, in accordance with the provisions of this Second Agreement which govern Sectoral joint committees. Any of the London Local Authorities listed in Part 1 of Schedule 1 may elect at any time to delegate the functions set out in Schedule 3 to the London Housing Unit Committee. Such delegation is hereby deemed a minor variation for the purposes of Clause

- 1.3 The local authorities listed in Part 1 of Schedule 1 are herein collectively named “the London Local Authorities”.
- 1.4 [London Councils] has acted from the date of the First Agreement as the Association of the London Local Authorities for the purposes set out in Part 1 of Schedule 2 and receiving subscriptions from the London Local Authorities under section 143 Local Government Act 1972
- 1.5 [The London Local Authorities are the constituent council for the purposes of section 48(1)(a) Local Government Act 1985 and by an agreement dated 1<sup>st</sup> February 2004 (“the Third Agreement) have agreed to establish a new Scheme for the making of grants to voluntary organisations in Greater London in accordance with the provisions of the Third Agreement.]<sup>8</sup>
- 1.6 The committee established to discharge various functions in accordance with section 48 Local Government Act 1985 is now known as the [London Councils] Grants Committee [and the Grants Scheme is set out in Schedule 2 of the Third Agreement]<sup>9</sup>
- 1.7 The London Local Authorities were the Participating Councils in the Transport Committee for London Agreement dated 15th January, 1998, (“TCfL Agreement”) and by the Agreement dated 1 April, 2000, varied the Transport Committee for London Agreement in accordance with Schedule 5 of the First Agreement
- 1.8 The Transport Committee for London is now known as the [London

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15.4 and this Agreement shall thereafter be construed as if each of those London Local Authorities were listed in Part 2 of Schedule 1. Any of the London Local Authorities listed in Part 2 of Schedule 2 may at any time elect to revoke the delegation of the functions set out in Schedule 3 to the London Housing Unit Committee. Such revocation is hereby deemed a minor variation for the purposes of Clause 15.4 and this Second Agreement shall thereafter be construed as if that London Local Authority’s name were removed from Part 2 of Schedule 1.]

<sup>8</sup> Substituted by the Third Agreement. Note the scheme has subsequently been amended further to minor variations agreed by London Councils (Leaders’ Committee) on 15 July 2014

<sup>9</sup> Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders’ Committee) on 15 July 2014

Councils] Transport and Environment Committee (“[LCTEC]<sup>10</sup>”)

1.9 By the First Agreement, [London Councils] was appointed under section 1 Local Authorities (Goods and Services) Act 1970 to employ the staff of [LCTEC], carry out all administrative and appropriate financial functions on its behalf, recover the costs thereof and the costs payable to [LCTEC] by the London Local Authorities listed in Part 1 of Schedule 1.

1.10 The London Local Authorities are the Participating Councils in the [LCTEC] Agreement of even date herewith (“[LCTEC] Agreement”) which amends the TCfL Agreement

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1.91.11 The functions of some of the London Local Authorities set out in Schedule 2 [...] <sup>11</sup> are the responsibility of the executive of those authorities under executive arrangements adopted for the purposes of section 10 Local Government Act 2000 while the functions of other authorities remain the responsibility of the authorities themselves

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1.101.12 It is expedient that any London Local Authority which should adopt executive arrangements after the date of this Agreement should be able through arrangements made by their mayors, executives, members of executives, committees of executives, executive leaders or council managers (as appropriate) to continue as parties to this Second Agreement

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IT IS HEREBY AGREED AS FOLLOWS:

<sup>10</sup> The Association of London Government Transport and Environment Committee (“ALGTEC”) approved the change of name to London Councils Transport and Environment Committee (“LCTEC”) on 17 October 2006

<sup>11</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders’ Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders’ Committee) decision on 11 December 2007 to reduce the notice period for termination. [Deleted: and 3]

## **2. COMMENCEMENT AND DURATION**

- 2.1 This Agreement shall commence on 13 December, 2001 (“the Commencement Date”) and shall continue until terminated in whole or in part in accordance with the provisions of Clause 13.

## **3. DEFINITIONS AND INTERPRETATION**

- 3.1 In this Agreement:

[...] <sup>12</sup>  
“associated committees of [London Councils]” means the [London Councils] Grants Committee and the [LCTEC] which shall operate, in relation to [London Councils], in accordance with the [London Boroughs] <sup>13</sup> Grants Scheme ([as set out in full at Schedule 2 of the Third Agreement] <sup>14</sup>) and the [LCTEC] Agreement.

“constituent councils” means the London borough councils and the Common Council, which have made the [London Boroughs] <sup>15</sup> Grants Scheme, as permitted by section 48 Local Government Act 1985.

“Leader” means the person vested from time to time (in accordance with law and the applicable constitutional arrangements) with the political leadership, for the purposes of this Agreement, of each of the London Local Authorities listed in Part 1 of Schedule 1

[“London Councils” means the joint committee appointed in accordance

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<sup>12</sup> This joint committee approved the change of name from ALG to London Councils on 12 September 2006. [Deleted: “ALG” means the Association of London Government, the joint committee appointed in accordance with Clause 1.1.]

<sup>13</sup> The London Boroughs Grants Scheme has been superseded by the Grants Scheme which was established by the Third Agreement. Note further amendments to the Grants Scheme were approved by London Councils (Leaders’ Committee) on 15 July 2014

<sup>14</sup> Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders’ Committee) on 15 July 2014

<sup>15</sup> The London Boroughs Grants Scheme has been superseded by the Grants Scheme which was established by the Third Agreement. Note further amendments to the Grants Scheme were approved by London Councils (Leaders’ Committee) on 15 July 2014 as permitted under clause 9.1 of the Grants Scheme.



with Clause 1.1]<sup>16</sup>

“Panels of [London Councils]” means the sub-committees appointed by [London Councils] to discharge any of functions delegated to [London Councils] under Clause 1.1 above.

“Parties” means the parties to this Agreement, that is the London Local Authorities listed in Part 1 of Schedule 1

“Sectoral joint committee” means a joint committee appointed under section 102 Local Government Act 1972 to discharge functions which a minimum of three and a maximum of 32 of the London Local Authorities have agreed to delegate to it, whose terms of reference have been approved by [London Councils] and which shall operate, in relation to [London Councils], in accordance with this Agreement.

- 3.2 The Schedules to this Agreement are intended to form part of this Agreement.
- 3.3 Words importing the singular shall include the plural and *vice versa*. Words importing any gender shall include both genders. Words importing persons shall include bodies corporate, unincorporated associations and partnerships.
- 3.4 Clause headings are inserted for ease of reference only and shall not affect the interpretation of this Agreement.
- 3.5 A reference to any statute or statutory provision includes a reference to all statutory instruments or orders made pursuant to it and includes a reference to that statute, statutory provision, instrument or order as amended, extended, re-enacted or consolidated from time to time.

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<sup>16</sup>This joint committee approved the change of name from ALG to London Councils on 12 September 2006

- 3.5 In the event of any conflict between Clauses 1-15 and the Schedules to this Agreement, the provisions of Clauses 1-15 shall prevail.

**4. MEMBERSHIP AND STANDING ORDERS OF [LONDON COUNCILS] AND  
SECTORAL JOINT COMMITTEES**

- 4.1 Each London Local Authority shall appoint its Leader as its representative to [London Councils] and shall be entitled to appoint deputy representatives in accordance with Schedule 6.

- 4.2 [London Councils] may admit to membership such representatives of such other bodies as it considers appropriate from time to time in accordance with Schedule 6.

- 4.3 The functions set out in Schedule 2 shall whenever appropriate be discharged by Panels of [London Councils] constituted in accordance with Schedule 6.

- 4.4 [...] <sup>17</sup>

- 4.5 [Each London Local Authority shall appoint an appropriate elected representative to any sectoral joint committee and shall be entitled to appoint deputy representatives in accordance with Schedule 6.] <sup>18</sup>

- 4.6 [...] <sup>19</sup>

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<sup>17</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination. [Deleted: The members of the London Housing Unit Committee established to discharge the functions set out in Schedule 3 shall be the Leaders from time to time of each of the London Local Authorities set out in Part 2 of Schedule 1.]

<sup>18</sup> Substituted further to minor variations approved by London Councils (Leaders' Committee) on 15 July 2014

<sup>19</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

4.7 Each Sectoral joint committee may admit to membership such representatives of such other bodies as it considers appropriate from time to time in accordance with Schedule 6.

4.8 The members of [London Councils] Grants Committee shall be appointed by the constituent councils in accordance with [the Grants Scheme as set out in Schedule 2 of the Third Agreement]<sup>20</sup>.

4.8 The Standing Orders of [London Councils] are set out in Schedule 6

## **5. MEETINGS AND PROCEEDINGS OF [LONDON COUNCILS]**

5.1 [London Councils shall hold a minimum of 2 meetings each year, one of which shall be an annual general meeting.]<sup>21</sup>

5.2 Subject to Clause 5.1, meetings of [London Councils] shall be called in accordance with the Standing Orders set out in Schedule 6 and the procedure to be adopted at such meetings shall be determined in accordance with Schedule 6.

5.3 [Each sectoral joint committee established hereunder from time to time shall hold a minimum of 2 meetings a year, at times to be determined by the Committee.]<sup>22</sup>

## **6. LEAD AUTHORITY FUNCTIONS**

6.1 Subject to the provisions of this Clause 6, [London Councils] may appoint

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[Deleted: The discharge of the functions set out in Schedule 3 (with the exceptions of the functions of approval of cross-cutting and strategic policy in relation thereto, as determined by the London Housing Unit Committee from time to time, and approval of the budget thereof, which are hereby reserved to the London Housing Unit Committee) shall be delegated by the London Housing Unit joint committee to a sub-committee which shall be constituted in accordance with Schedule 6.]

<sup>20</sup> Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

<sup>21</sup> Substituted further to minor variations approved by London Councils (Leaders' Committee) on 15 July 2014

<sup>22</sup> Substituted further to minor variations approved by London Councils (Leaders' Committee) on 15 July 2014

one or more of the London Local Authorities to discharge all or any of the Lead Authority functions as set out in Schedule 4 on behalf of [London Councils], any Sectoral joint committee or (subject to the provisions of Schedule 5 and the [LCTEC] Agreement) either associated committee.

- 6.2 In the event that a London Local Authority acting or appointed hereunder withdraws its consent to discharge a Lead Authority function, it shall give (unless otherwise agreed in writing), not less than six calendar months' notice in writing (to expire on 31st March) of its intention to do so to [London Councils].
- 6.3 The decision to terminate the appointment of a London Local Authority in respect of any Lead Authority function shall be by a majority vote of [London Councils].
- 6.4 Subject to Clause 6.5 below and notwithstanding any service level agreement in force at the date of this Agreement, any termination pursuant to Clause 6.3 may be made by [London Councils] giving (unless otherwise agreed in writing) not less than six calendar months' notice in writing (to expire on 31st March) to the Lead Authority of its intention to terminate the appointment and may be given at any time.
- 6.5 Notwithstanding Clause 6.4, if the London Local Authority is in material breach of any of its obligations in respect of a Lead Authority function (whether the obligation is contained in this Agreement or in any service level agreement for the time being), any such termination pursuant to Clause 6.3 may be made at any time thereafter by [London Councils] giving not less than one calendar month's notice in writing to the London Local Authority of its intention to terminate the appointment.
- 6.6 Notwithstanding Clause 6.2, if [London Councils] is in material breach of

any of its obligations to the London Local Authority (whether the obligation is contained in this Agreement or in any service level agreement) the London Local Authority may withdraw its consent to act in respect of a Lead Authority function by giving not less than three calendar months' notice in writing to [London Councils] of its intention to withdraw its consent.

- 6.7 [London Councils] shall reimburse each London Local Authority appointed under this Clause 6 all costs, charges and expenses (inclusive of VAT correctly levied) incurred in the provision of any services in connection with a Lead Authority function by that London Local Authority (or arising /outstanding in respect of any Lead borough function performed by any London Local Authority prior to the Commencement Date of this Second Agreement) within 30 days of receipt of invoices submitted by it to [London Councils]
- 6.8 The reimbursement payable by [London Councils] to each London Local Authority appointed or acting under this Clause 6 shall be subject to audit by [London Councils] and its authorised representatives and the London Local Authority shall on request make available all accounts, records and other documents reasonably required for such purpose.
- 6.9 Upon the termination of any appointment of a London Local Authority under this Clause 6, howsoever occasioned, the London Local Authority shall be entitled to payment from [London Councils] of any outstanding costs reasonably incurred in the performance of its duties in respect of a designated council and/or Lead Authority function.
- 6.10 [The Common Council of the City of London shall discharge the designated council function in accordance with section 42(2)(a) Local Government Act 1985 and the Grants Scheme as set out in Schedule 2 of

the Third Agreement]<sup>23</sup>

**7. OBLIGATIONS OF [LONDON COUNCILS] AND SECTORAL JOINT COMMITTEES**

7.1 [London Councils] shall discharge the functions set out in Schedule 2 and the functions delegated to it under the [Grants Scheme]<sup>24</sup>, together with such further functions as all of the London Local Authorities shall resolve to delegate to it, and, in so doing, shall act in the collective interests of the London Local Authorities which subscribe to each of those functions. [London Councils] shall also act as the Association of the London Local Authorities.

7.2 Each Sectoral joint committee established hereunder from time to time shall discharge the functions which have been delegated to it by the London Local Authorities which have agreed to subscribe to such Sectoral joint committee and, in doing so, shall act in the collective interests of those London Local Authorities.

7.3 [London Councils] and ([subject to Schedule 2 of the Third Agreement]<sup>25</sup> and the [LCTEC] Agreement) each associated and Sectoral joint committee established hereunder from time to time shall comply with the Standing Orders set out in Schedule 6, the Financial Regulations set out in Schedule 7 and the financial arrangements set out in Clauses 11 and 12 and Schedule 8.

7.4 [London Councils] shall appoint a Chief Executive, and a Finance Officer on terms to be agreed by [London Councils]. The Finance Officer appointed hereunder shall be responsible for the proper administration of [London Councils] financial affairs and (subject to Schedule 5 and the

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<sup>23</sup> Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

<sup>24</sup> Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

<sup>25</sup> Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

[LCTEC] Agreement) those of the associated and any Sectoral joint committees established hereunder from time to time.

- 7.5 [The Finance Officer shall make appropriate arrangements to procure the audit of the annual accounts of London Councils and (subject to Schedule 5 and the LCTEC Agreement) the associated committees and any Sectoral joint committee at the end of each financial year by an Auditor approved by London Councils ~~Leaders' Committee~~. Copies of audited accounts shall be provided to London Councils ~~Leaders' Committee~~, the associated committees and any Sectoral joint committee and sent to each of the London Local Authorities.]<sup>26</sup>

## **8 OBLIGATIONS OF LONDON LOCAL AUTHORITIES**

- 8.1 Each London Local Authority shall:

8.1.1 contribute to the costs and expenses of [London Councils] and any Sectoral joint or associated committee established hereunder from time to time of which that London Local Authority is a member in accordance with the provisions of Clause 12 and Schedule 8.

8.1.2 provide [London Councils] and any Sectoral joint or associated committee with such information as is required by [London Councils] to carry out the functions referred to in Clauses 7.1 and 7.2 and to recover costs in accordance with Schedule 8.

## **9 STAFF**

- 9.1 [London Councils] shall appoint such staff as they think necessary for the discharge by [London Councils] of the functions set out herein

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<sup>26</sup> Substituted further to minor variations agreed by London Councils (Leaders' Committee) on 2<sup>nd</sup> June 2015

9.2 [...]<sup>27</sup>

## **10 ASSETS AND LIABILITIES**

10.1 The assets and liabilities which vested in [London Councils] prior to the Commencement Date shall continue to so vest following the Commencement Date

## **11. FINANCIAL ARRANGEMENTS**

11.1 In October of each year (or such other date as shall be agreed by [London Councils]). [London Councils] shall send the draft budgets for the following financial year for each of the groups of functions set out in Schedules 2 and 4 (to include the designated council function in respect of the [Grants Scheme]<sup>28</sup>) for comment by the London Local Authorities listed in Part 1 of Schedule 1 as London Local Authorities subscribing to each of those groups of functions. The budget for each group of functions shall be finalised and approved in December of each year (or such other date as shall be agreed by [London Councils]) in accordance with paragraph 21.1 of Schedule 6.

11.2 [London Councils] shall send the budgets for the London Boroughs [Grants Scheme]<sup>29</sup> and [LCTEC] in accordance with the [LCTEC] Agreement and the [Grants Scheme]<sup>30</sup>

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<sup>27</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination. [Deleted: The London Local Authorities listed in Part 2 of Schedule 1 shall indemnify and keep indemnified the London Local Authorities which do not subscribe to the functions set out in Schedule 3 against any and all costs, liabilities and expenses arising after the Commencement Date in respect of the staff employed to discharge the Schedule 3 functions.]

<sup>28</sup> Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

<sup>29</sup> Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

<sup>30</sup> Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014 and also note that the London Borough Grants Scheme has been succeeded by the Grants Scheme



- 11.3 [The budget for each sectoral joint committee established hereunder from time to time shall send the draft budget for the following financial year for the functions delegated to such sectoral joint committee for comment. The budget shall be approved by a simple majority of members of the sectoral joint committee who are present at the meeting. The budget shall be finalised and approved in sufficient time to be reported to ~~Leaders' Committee-London Councils~~ in December each year. The annual budget (including any contingency sum) in respect of any function shall not be exceeded without the prior approval of a simple majority of the representatives of those London Local Authorities who are present at the meeting at which the proposal to exceed the budget is under consideration.]<sup>31</sup>
- 11.4 [London Councils] and any Sectoral joint committee shall cause proper accounts to be kept in respect of the functions discharged by [London Councils], either associated joint committee (in respect of any accounting responsibilities of [London Councils] in relation thereto) and any Sectoral joint committee established hereunder from time to time and shall make all accounts records and other documentation available for inspection by any London Local Authority on request.
- 11.5 Whenever any sum of money is recoverable by [London Councils] from, or payable by a London Local Authority to [London Councils] in respect of any of the groups of functions set out in Schedules 2 - 5, it may be deducted from any sum then due to that London Local Authority from [London Councils] in respect of that group of functions and *vice versa*.
- 11.6 [London Councils] shall cause to be maintained a separate balance sheet in the name of [London Councils] in respect of all payments received from the London Local Authorities in respect of each of the groups of

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<sup>31</sup> Substituted further to minor variations approved by London Councils (Leaders' Committee) on 15 July 2014

functions set out in Schedules 2 [...] <sup>32</sup> and 5, such payments to be held as nominee for the London Local Authorities from which they have been received.

## **12 COSTS AND EXPENSES**

12.1 The costs and expenses of [London Councils], either associated committee and any Sectoral joint committee appointed hereunder from time to time in discharging the functions delegated to them hereunder shall be reimbursed by the London Local Authorities in accordance with the provisions of Schedule 8. For the avoidance of doubt, the consent of all the London Local Authorities subscribing to each of the functions set out in Schedule 2 shall be required to change the basis on which costs are apportioned between them in respect of each of those functions.

12.2 [London Councils] shall notify each of the London Local Authorities by not later [...] <sup>33</sup> than 31st. January each year in respect of any other function, of the amount due from that London Local Authority under Clause 12.1, such notification to include a breakdown of the sums payable in respect of each of the groups of functions set out in Schedule 2 [...] <sup>34</sup> and the date on which payment is due.

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<sup>32</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: - 3]

<sup>33</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: than 31st. December in each year, unless otherwise agreed, in respect of the Schedule 3 functions and not later]

<sup>34</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

- 12.3 Interest shall accrue at the rate of 2 per cent above the base rate for the time being of National Westminster Bank PLC on all amounts due to [London Councils] under Clause 12.1 from the due date until the date of payment in full inclusive.
- 12.4 In the event of any disagreement as to the amount of costs and expenses to be borne by any London Local Authority under Clause 12.1 and Schedule 8, the London Local Authority in dispute shall, not later than 14th. February, or a date agreed with the Finance Officer, notify the Finance Officer of the nature of the dispute and shall provide full supporting reasoning and documentation as appropriate to the Finance Officer. The Finance Officer and the London Local Authority shall thereafter use all reasonable endeavours to resolve the dispute. In the event that the dispute remains unresolved on 14th. March or a date to be agreed with the Finance Officer, the matter may be referred by either party to such independent CIPFA Accountant of not less than ten years' standing as the parties to the dispute shall agree. Any such independent CIPFA Accountant shall be deemed to act as expert and not as arbitrator and his/her determination shall, in the absence of manifest error, be binding on [London Councils] and the London Local Authority. In the event that the dispute is resolved at first instance by the Finance Officer, or by the CIPFA Accountant in favour of the London Local Authority, interest shall not be payable on any outstanding sums. In the event that the dispute is resolved in favour of [London Councils] by the CIPFA Accountant, interest shall accrue on all outstanding payments in accordance with Clause 12.3 The costs of dispute resolution hereunder shall be met by the unsuccessful party PROVIDED THAT in the event that any dispute under this Clause 12.4 is in respect of the amounts payable

by the London Local Authorities as subscriptions to [...] <sup>35</sup>any Sectoral joint committee, or is in respect of the allocation of costs by [London Councils] between [London Councils] functions and those of any Sectoral joint committee, references in this Clause to “the London Local Authority” shall be construed as references to the person nominated for the purpose of dispute resolution by the Chair of [...] <sup>36</sup>any Sectoral joint committee.

### **13 TERMINATION AND BREACH**

13.1 The termination of this Agreement or any part thereof, however caused, and the serving of notice to terminate shall be without prejudice to any obligations or rights of any of the parties which have accrued prior to such termination and shall not affect any provision of this Agreement which is expressly or by implication provided to come into effect after such termination.

13.2 Without prejudice to any other rights or remedies, this Agreement or the relevant part thereof shall terminate on the earlier of:

13.2.1 the unanimous agreement of all the London Local Authorities which are subscribers to any of the groups of functions listed in Schedule 2 [...] <sup>37</sup>or any Sectoral joint committee;

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<sup>35</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders’ Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders’ Committee) decision on 11 December 2007 to reduce the notice period for termination. [Deleted: any functions listed in Schedule 3]

<sup>36</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders’ Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders’ Committee) decision on 11 December 2007 to reduce the notice period for termination. [Deleted: the London Housing Unit Committee or]

<sup>37</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders’ Committee) services, the unanimous

13.2.2 where by reason of any change in law, or other reason not attributable to the fault of the London Local Authorities, they shall be prohibited from giving effect to their obligations hereunder.

13.3 This Agreement may be terminated by [London Councils] by a two-thirds majority of those members present and voting in relation to any London Local Authority in respect of any of the groups of functions set out in Schedule 2 or any future functions which are delegated to [London Councils], and shall be terminated in relation to any London Local Authority at the request of the Chair of a Sectoral joint committee following a decision to terminate by that Sectoral joint committee in respect of the functions discharged by such Sectoral joint committee, by written notice to that London Local Authority effective on receipt on the occurrence of any of the following events:

13.3.1 that London Local Authority materially breaches any of the provisions of this Agreement and, in the case of a breach capable of remedy, fails to remedy the same within 28 days of being notified of the breach by [London Councils] and being required to remedy the same; or

13.3.2 where by reason of any change of law or other reason not attributable to the fault of the London Local Authority, that Authority shall be unable to give effect to its obligations hereunder.

13.4 This Agreement may be terminated by any London Local Authority in respect of any of the groups of functions set out in Schedule 2 [...] <sup>38</sup> by

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agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: -3]

<sup>38</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

that London Local Authority giving one year's notice in writing to [London Councils] to expire on 31st. March.

PROVIDED THAT if at any time the number of members of [London Councils] is less than 33, the functions and consultations which are hereby discharged by [London Councils] in relation to the [...] <sup>39</sup> Grants Committee and [LCTEC] shall continue to be discharged by a joint committee of all the London Local Authorities listed in Part 1 of Schedule 1 which shall meet immediately prior to each of the meetings of [London Councils] referred to in Clause 5.1.

13.5 In the event of termination under Clause 13.3 or 13.4, in addition to any outstanding subscriptions, the London Local Authority shall pay to [London Councils] such sum as represents the contribution to the capitalised value of that proportion of the continuing and outstanding liabilities of [London Councils] and/or any Sectoral joint committee which extend beyond such termination which is properly attributable to that London Local Authority's membership.

#### 14. **DISSOLUTION**

14.1 In the event of dissolution of [London Councils] and/or any Sectoral joint committee, the assets thereof, after settlement of all outstanding debts, liabilities and costs or, if none, the liabilities thereof, shall be distributed amongst the London Local Authorities by [London Councils] and/or such Sectoral joint committee in proportion to the contributions of each of the London Local Authorities hereunder.

#### 15. **GENERAL**

##### 15.1 **Notices**

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[Deleted: and 3]

<sup>39</sup> [Deleted: "ALG"] as this joint committee approved the change of name from ALG to London Councils on 12 September 2006

All notices which are required to be given or received hereunder shall be in writing addressed to the Chief Executive of [London Councils] or the London Local Authority, as the case may be. Any such notice may be delivered personally or by first class pre-paid letter or by facsimile transmission and shall be deemed to have served if by personal delivery, when delivered, if by first class post, 48 hours after posting and if by facsimile transmission, on successful transmission.

**15.2 Continuing Agreement**

All provisions of this Agreement shall, so far as they are capable of being performed and observed, continue in full force and effect notwithstanding termination, except in respect of those matters then already performed.

**15.3 Good Faith**

Each of the Parties undertakes with each of the others to act in good faith and to do all things reasonably within its powers which are necessary or desirable to give effect to the spirit and intent of this Agreement.

**15.4 Variations**

No variation to this Agreement, other than variations which [[London Councils] (or any Sectoral joint committee in respect of any matters which fall to be discharged solely by any such Sectoral joint committee) reasonably considers to be minor, shall be valid or effective unless made by one or more instruments in writing signed by all the Parties.

**15.5 Waiver**

No failure to exercise and no delay in exercising on the part of any of the

Parties hereto any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies unless otherwise provided by law.

**15.6 Severability**

Notwithstanding that any provision of this Agreement may prove to be illegal or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

**16 EXECUTION**

16.1 This Agreement is executed by each Party by signing the annexed Memorandum of Participation on behalf of that Party and such Memorandum of Participation shall be evidence of execution by that Party when Memoranda executed by all the Parties are incorporated into this Agreement.



**SCHEDULE 1**

**PART 1**

**THE LONDON LOCAL AUTHORITIES**

The City of Westminster

The London Borough of Barking and Dagenham

The London Borough of Barnet

The London Borough of Bexley

The London Borough of Brent

The London Borough of Bromley

The London Borough of Camden

The London Borough of Croydon

The London Borough of Ealing

The London Borough of Enfield

The London Borough of Greenwich

The London Borough of Hackney

The London Borough of Hammersmith and

Fulham The London Borough of Haringey

The London Borough of Harrow

The London Borough of Havering

The London Borough of Hillingdon

The London Borough of Hounslow

The London Borough of Islington

The Royal Borough of Kensington & Chelsea

The Royal Borough of Kingston-upon-Thames

The London Borough of Lambeth

The London Borough of Lewisham

The London Borough of Merton

The London Borough of Newham

The London Borough of Redbridge

The London Borough of Richmond upon Thames

The London Borough of Southwark

The London Borough of Sutton

The London Borough of Tower Hamlets

The London Borough of Waltham Forest

The London Borough of Wandsworth

The Mayor and Commonalty and Citizens of the City of London

## SCHEDULE 1

### PART 2

[...] <sup>40</sup>

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<sup>40</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.  
[Deleted: LONDON HOUSING UNIT COMMITTEE Member Authorities]

The London Borough of Barnet The London Borough of Brent The London Borough of Camden The London Borough of Croydon The London Borough of Ealing The London Borough of Enfield  
The London Borough of Greenwich The London Borough of Hackney  
The London Borough of Hammersmith and Fulham The London Borough of Haringey  
The London Borough of Havering The London Borough of Hillingdon The London Borough of Hounslow  
The London Borough of Islington The London Borough of Lambeth The London Borough of Lewisham The London Borough of Merton The London Borough of Newham The London Borough of Redbridge The London Borough of Southwark  
The London Borough of Tower Hamlets  
The London Borough of Waltham Forest]

## **SCHEDULE 2**

### **PART 1 FUNCTIONS**

1. To consult on the common interests of the London Local Authorities and to discuss matters relating to local government.
2. To represent the interests of the London Local Authorities to national and local government, to Parliament, to the European Union and other international organisations and to other bodies and individuals, and to negotiate as appropriate on behalf of member authorities.
3. To formulate policies for the development of democratic and effectively managed local government.
4. To provide forums for the discussion of matters of common concern to the London Local Authorities and a means by which their views may be formulated and expressed.
5. To appoint representatives or staff to serve on any other body.
6. To represent the interests of the London Local Authorities as employers.
7. To provide services to the London Local Authorities including the dissemination of information on local government and on other relevant issues.
8. To provide information to the public, individuals and other organisations on the policies of the [London Councils] and local government issues relevant to London.
9. To act as the regional body of the Local Government Association.

## **SCHEDULE 2**

### **PART 2: FUNCTIONS**

#### **Generally**

1. To act for, and on behalf of, London Local Authorities in their role as employers, through the provision and development of a range of services including in particular:
  - i. Advice on the application and interpretation of national and provincial agreements covering administrative, professional, technical and clerical employees; manual employees, craft employees; and other local government employees;
  - ii. Advice on best practice in the conduct of employment relations and personnel procedures;
  - iii. Policy advice on development and training matters;
  - iv. Advice and information across the range of development and training activities;
  - v. The organisation and delivery of regional and individual local authority training courses/seminars and similar activities;
  - vi. Research and information on human resources, development and funding;
  - vii. Advice on health, safety and welfare matters;
  - viii. To represent the view of London local authorities on pay and conditions of service to the national negotiating bodies; and to advise London representatives on the same bodies.

- ix. To co-operate with The Improvement & Development Agency, The Employers' Organisation, local authority regional and provincial employer organisations, and other relevant local authority bodies;
- x. To provide professional advice to the employer's side of the Greater London Provincial Council and the Greater London Joint Negotiating Committee;
- xi. To provide a conciliation and arbitration role in the resolution of industrial relations disputes;
- xii. To exchange information and opinion with other organisations and to provide a human resource service to Associate and Subscriber Members and other contracted bodies.

**Specifically:**

- 1. To appoint members to represent [London Councils] on the Greater London Provincial Council in such numbers as are provided for in the constitutions of those joint bodies.
- 2. To secure, as far as it is possible, the largest possible measure of joint action, as between member authorities, for the consideration of pay and terms and conditions of service for those employees of member authorities falling within purview of the Greater London Provincial Council.
- 3. To represent the views of the Boroughs on pay and terms and conditions of service for employees to the national negotiating body.
- 4. To consider any other appropriate matters referred to it by constituent bodies relating to the terms and conditions of employment of employees

in its scope.

5. To co-operate as appropriate with other Provincial Employers or other appropriate bodies in matters of common interest.

## SCHEDULE 2

### **PART 3: GENERAL FUNCTIONS**

1. To do anything which is calculated to facilitate, or is conducive or incidental to, any of its functions under this Agreement and to discharge such other functions as can be lawfully discharged in accordance with [Clause 7.1]1.1.4<sup>41</sup> of this Agreement.
2. To employ such staff on such terms and conditions of employment as [London Councils] considers appropriate to discharge the functions set out in Schedules 2 and 3, the functions discharged by the associated committees of [London Councils] and any further functions which are delegated to [London Councils] or a Sectoral joint committee by all or any of the London Local Authorities; to accept such staff on secondment from any of the London Local Authorities for any of these purposes as [London Councils] considers appropriate and to procure accommodation for the purposes of this Agreement.
3. To enter into contracts for goods, works and services in relation to any aspect of the functions hereunder or such other functions as [London Councils] can lawfully discharge and to enter into service level agreements with any of the London Local Authorities or any other body in relation thereto.
4. To implement, in respect of the functions delegated to [London Councils]<sup>42</sup> by the London Local Authorities hereunder, any duties or

<sup>41</sup> This paragraph incorrectly refers to Clause 1.1.4 which does not exist in this Agreement and is amended to should more correctly refer to Clause 7.1 which relates to the delegation of the exercise of further functions. It appears that when this schedule was copied over from the First Agreement, the reference to clause 1.1.4 wasn't updated to reference the equivalent clause in this Agreement.

<sup>42</sup> This joint committee approved the change of name from ALG to London Councils on 12 September



powers arising under the Best Value regime under the Local Government Act 1999.

PROVIDED THAT in discharging the Functions, [London Councils] shall ensure that in all its activities, [London Councils] and all its committees, representatives, staff and advisers pay full regard to the promotion of equal opportunities for all regardless of colour, creed, disability, gender, race or sexual orientation.

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### SCHEDULE 3

[...] <sup>43</sup>

### SCHEDULE 4

#### LEAD AUTHORITY FUNCTIONS

1. To procure or provide such professional advice including but not limited to financial, IT, legal, surveying and personnel as [London Councils] may require for the due and proper execution of its duties
2. To provide or procure accommodation for the purposes of [London

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<sup>43</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: LONDON HOUSING UNIT COMMITTEE FUNCTIONS

1. The Committee shall be concerned with the statutory powers and duties (hereinafter referred to as "functions") of Constituent Councils and the housing activities of other agencies, primarily to assist Constituent Councils to discharge their statutory housing functions.
2. The Committee shall also be concerned with the housing functions of councils generally and the housing activities of other housing agencies where it is to the benefit of the Constituent Councils in undertaking their statutory housing functions.
3. The activities of the Committee shall include:
  - (a) provision, organisation and co-ordination of housing publicity and information on issues relevant to member authorities;
  - (b) research and analysis on housing matters;
  - (c) evaluation and analysis on housing policy and service issues;
  - (d) other appropriate activities consistent with or contributing to the housing duties and functions of the Constituent Councils.
4. To carry out for and on behalf of Constituent Councils or other appropriate bodies or to assist Constituent Councils or other appropriate bodies to carry out investigations into and the collection of information relating to the housing functions of the Constituent Councils and the housing activities of other appropriate bodies.
5. To make for and on behalf of Constituent Councils or to assist in making arrangements for such information and the results of such investigations to be made available to Constituent Councils, other local authorities, any government department, other appropriate bodies or the public.
6. To assist the Constituent Councils in giving publicity to their functions and the amenities and/or advantages of and entitlements affecting their area individually and/or collectively.

To provide professional administrative and technical assistance to the Constituent Councils or other appropriate bodies in the preparation and implementation of specific projects proposed to be undertaken by one or more such Councils or other appropriate bodies.]

Councils]

3. To employ staff to undertake any [London Councils] function and/or to provide payroll facilities and access to pension arrangements for staff employed by [London Councils]
4. To negotiate and execute contracts in respect of goods, works, services and property transactions on behalf of the [London Councils] on request
5. To institute and defend in its own name any court proceedings on behalf of [London Councils] on request
6. Such other functions as may be agreed by [London Councils]

### **Schedule 5**

[...] <sup>44</sup>

### **SCHEDULE 6**

### **STANDING ORDERS**

<http://www.londoncouncils.gov.uk/who-we-are/about-us/governance/constitutional-information>

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<sup>44</sup> The Grants Scheme is set out in Schedule 2 of the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014 [Previous schedule wording deleted]

<sup>45</sup> The Standing Orders have been amended a number of times since 2001. The current version was approved by London Councils (Leaders' Committee) on 15 July 2014 and includes amendments approved by London Councils (Leaders' Committee) on 2 June 2015.

**SCHEDULE 7**

**[FINANCIAL REGULATIONS]<sup>46</sup>**

<http://www.londoncouncils.gov.uk/who-we-are/about-us/governance/constitutional-information>

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<sup>46</sup> The Financial Regulations have been reviewed a number of times. This schedule includes the latest revisions approved by the London Councils (Leaders' Committee) on 2 June 2015

## **SCHEDULE 8**

### **COSTS AND EXPENSES**

#### **1. General:**

- 1.1 [London Councils] shall establish and maintain separate accounts for each of the groups of functions set out in Parts 1 – 3 of Schedule 2 [...] <sup>47</sup> and Schedule 5 ~~(excepting the designated council function whilst it is carried out by the London Borough of Richmond upon Thames [the Common Council of the City of London]~~ <sup>48</sup>) and any other functions delegated to [London Councils] or any Sectoral joint committee. [London Councils] and the Finance Officer shall have regard at all times to the principle underlying this Agreement of separation and ring-fencing of funding streams and costs of functions.
- 1.2 Subject to paragraph 2 below, the costs and expenses of the groups of functions set out in Parts 1 and 2 of Schedule 2 and Schedule 3 shall be borne by the London Local Authorities which subscribe to each of those groups of functions on the same basis as that on which they were allocated prior to the Commencement Date i.e. in equal shares, and any change in such allocation shall require the consent of all the London Local Authorities which subscribe to each of those groups of functions.
- 1.3 Subject to paragraph 2 below, the costs and expenses of the functions set out in Part 3 of Schedule 2 shall be borne by the London Local

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<sup>47</sup> Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.  
[Deleted: , Schedule 3]

<sup>48</sup> Note, with reference to the Third Agreement, the Common Council of the City of London agreed to act as designated council with effect from 1<sup>st</sup> April 2004

Authorities in such proportions as [London Councils] shall reasonably determine relates directly to the discharge of those functions, having regard to paragraph 1.1 above.

- 1.4 The allocation of costs and expenses in respect of any further functions which may be delegated to [London Councils] by all or any of the London Local Authorities shall be as agreed between [London Councils] and such Authorities
- 1.5 Subject to paragraph 2 below, the contributions of the constituent councils to the designated council in respect of grants made to eligible voluntary organisations under the [Grants Scheme]<sup>49</sup>, the designated council function and any Lead Borough functions carried out by the designated council shall be in accordance with Section 48(3) Local Government Act 1985, i.e. in proportion to the populations of their respective areas
- 1.6 Subject to paragraph 2 below, the contributions of the Participating Councils in the [LCTEC] Agreement shall be in accordance with Parts 1 - 4 of Schedule 6 of that Agreement

**2. Increases or Decreases in staffing , administration and accommodation costs**

- 2.1 Any net increases in overheads including staffing, administration, accommodation costs (including fitting-out) and all reasonably related costs which result from the formation of [London Councils] and the delegation of the functions set out herein to [London Councils] which in [London Councils'] reasonable opinion and that of the Finance Officer are not directly attributable to the discharge of the functions or an

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<sup>49</sup> Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

improvement in the service received by a particular function as a result of the formation of [London Councils] shall be borne by an increase in the subscription payable by each London Local Authority in respect of the Schedule 2 Part 1 functions, such increase to be allocated to the London Local Authorities in equal shares.

- 2.2 Any savings which, in the reasonable opinion of [London Councils], accrue from the creation of [London Councils] and the delegation to it of the functions set out herein shall accrue to the budget for the particular function(s) in which such savings are found